

CHRISTOPHER J. PASSARELLI, SBN 241174
JOY L. DURAND, SBN 245413
DICKENSON, PEATMAN & FOGARTY
1455 First Street, Ste. 301
Napa, California 94559
Telephone: (707) 252-7122

Attorneys for Plaintiff, Teeter-Totter, LLC

JOHN F. OLSEN, SBN 157465
FERDINAND IP, LLC
800 West El Camino Real, Ste. 180
Mountain View, CA 94040
Telephone: (858) 412-4515

EDMUND J. FERDINAND, III (*pro hac vice*)
FERDINAND IP, LLC
450 Seventh Avenue, Suite 1300
New York, New York 10123
Telephone: (212) 220-0523

*Attorneys for Defendants, Palm Bay International, Inc.;
Palm Wine Holdings, LLC; J Vineyards & Winery, LLC;
RB Wine Associates, LLC*

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

TEETER-TOTTER, LLC,

Plaintiff,

vs.

PALM BAY INTERNATIONAL, INC.,
PALM WINE HOLDINGS, LLC,
J VINEYARDS & WINERY LLC, RB
WINE ASSOCIATES, LLC

Defendants.

PALM WINE HOLDINGS, LLC,

Counterclaim Plaintiff,

vs.

TEETER-TOTTER, LLC,

Counterclaim Defendant.

CASE NO. 5:17-cv-06609-LHK

**JOINT CASE MANAGEMENT
STATEMENT**

Pursuant to the Federal Rule of Civil Procedure 26(f), Civil Local Rule 16-9, and the Standing Order for All Judges of the Northern District of California, Plaintiff Teeter-Totter, LLC (“Plaintiff”) and Defendants Palm Bay International, Inc. (“Palm Bay”), Palm Wine Holdings, LLC (“Palm Wine Holdings”), J Vineyards & Winery d/b/a Au Contraire (“Au Contraire”), and RB Wine Associates, LLC (“RB Wine”) (collectively, “Defendants”) hereby submit this Joint Case Management Statement.

Jurisdiction and Service

The parties agree that this Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1338(a) and pendent jurisdiction over all related claims in accordance with 28 U.S.C. § 1338(b). There are no existing issues regarding service, personal jurisdiction or venue, and no parties remain to be served at this time.

Facts

Plaintiff’s Statement. Plaintiff is a wine company founded by Napa Valley winemaker Benoit Touquette, a native of France, who has enjoyed much critical success, including numerous wines receiving 100-point scores from world-renowned critics. As a result, his wine has earned millions of dollars in consumer sales revenue. As early as October 25, 2013, Plaintiff sold both red and white wine under the distinctive trademark and name, TEETER-TOTTER.

The Teeter-Totter wine label incorporates a drawing of a mouse and elephant on opposite ends of a teeter-totter (the “Teeter-Totter Design Mark”). Plaintiff owns federal TM Reg. No. 4,557,117 for TEETER-TOTTER (Word) in Class 33, filed on April 11, 2013 as an ITU. Plaintiff also owns CA TM Reg. No. 122,196 and federal TM Reg. No. 5,428,362, both for the Teeter-Totter Design Mark. On August 31, 2017, the U.S. Copyright Office issued Plaintiff’s U.S. Copyright Registration No. VA-0002096166 for the image embodied in the Teeter-Totter Design Mark as a creative work of authorship pursuant to 17 U.S.C. § 408.

In 2014, Defendants hired Popcorn Design, LLC dba Prospect Brands to develop and produce a new wine brand, bearing the French moniker “AU CONTRAIRE”. Popcorn Design introduced Defendants to Lisa Hobro Design, a design firm specializing in the creation of wine labels. Lisa Hobro Design created a label bearing a bird and elephant on opposite ends of a

1 teeter-totter, in a configuration strikingly similar to the Teeter-Totter Design Mark. In early
2 January, 2014, Marc Taub, principal of Defendant Palm Bay International, Inc. instructed
3 Defendants' design team to *change the bird to a mouse*, thus more closely approximating
4 Plaintiff's Teeter-Totter Design Mark. Lisa Hobro Design made the change requested; the design
5 approved by Defendants in late January of 2014 had the mouse's tail hanging off the end of the
6 teeter-totter. The label design with a mouse and elephant on opposite ends of a teeter-totter was
7 submitted to the label printer, Collotype Labels, in or about late February or early March of
8 2014. The same label design was also submitted to the U.S. Dept. of Treasury, Alcohol and
9 Tobacco Tax and Trade Bureau ("TTB"), in an application for a Certificate of Label Approval
10 ("COLA"), which is required for alcoholic beverages.

11 On March 5, 2014, at approximately 4:14 pm PST, Lisa Hobro received an email from
12 Collotype with Plaintiff's label proof bearing the Teeter-Totter Design Mark, and promptly
13 notified Defendants and Popcorn Design, LLC. Jay Behmke, then a member and manager of
14 Popcorn Design, LLC, and a California lawyer, conducted an investigation confirming:
15 Plaintiff's pending "TEETER-TOTTER" standard character mark federal trademark application,
16 and its approved TTB COLA bearing the Teeter-Totter Design Mark. Defendants were provided
17 the results of Mr. Behmke's investigation. Without apparent further inquiry, Defendants filed
18 with the USPTO their Application, Ser. No. 86/213,179 for the Au Contraire Design, at 11:59
19 am PST *the very next day*, March 6, 2014 – that is, less than 18 hours after Lisa Hobro Design
20 had received Plaintiff's label proof.

21 Although Defendants' "final" label had already been submitted to Collotype for printing,
22 Mr. Taub subsequently **drew a curlicue tail on top of the tail in Plaintiff's label proof** and
23 instructed that this **additional design change** be made to Defendants' mouse. This change also
24 caused the Au Contraire label to more closely approximate Plaintiff's Teeter-Totter Design.

25 Due to the timing of these events, the final Au Contraire Design Mark used in commerce
26 appears to be quite different from the mark drawing in Registration No. 4,757,065. The figure
27 below is a side-by-side comparison (from left-to-right) of: (1) Plaintiff's Teeter Totter Design
28 Mark (Reg. No. 5,428,362); (2) Defendants' prior Au Contraire Design (Reg. No. 4,757,065);

and (3) Defendants' "final" Au Contraire Design Mark (with modified mouse) as actually used in commerce.

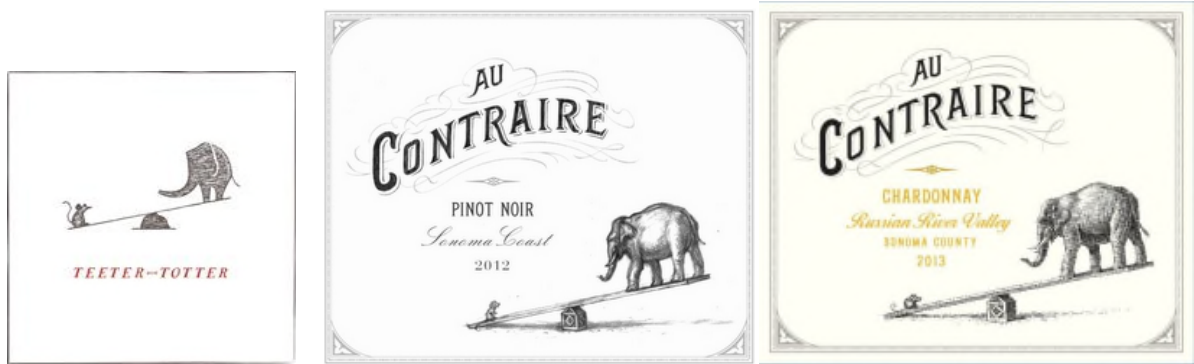


Fig. 1. Teeter-Totter Design / Registered Au Contraire Design / Actual Au Contraire Design

Defendants subsequently began marketing wine under the AU CONTRAIRE brand. In its trademark application, Defendant Palm Wine Holdings, LLC claimed first use of the earlier Au Contraire design (which was never actually used in commerce) as of April 24, 2014. Palm Wine Holdings, LLC obtained federal Trademark Registration No. 4,757,065 for the unused design on June 16, 2015.

Plaintiff alleges that the Au Contraire Design Mark is confusingly similar to the Teeter-Totter Design Mark, that Defendants copied the Teeter-Totter Design Mark despite having knowledge of Plaintiff's trademarks and copyright, and intentionally misled the U.S. Patent and Trademark Office ("USPTO") in order to obtain Registration No. 4,757,065.

Defendants' Statement. Plaintiff commenced this action in November, 2017, with no prior notice to Defendants, by filing a twelve-count Complaint for trademark infringement, copyright infringement and related claims under federal and state law. The crux of Plaintiff's Complaint, as amended, alleges that artwork on the label of Defendants' AU CONTRAIRE brand wine product infringes upon intellectual property rights in artwork on the label of Plaintiff's TEETER-TOTTER brand wine. To succeed on its federal Lanham Act claims, Plaintiff must establish that it has priority of enforceable trademark rights as against Defendants, likelihood of confusion under the governing *Sleekcraft* factors and damages. Defendants vigorously contest these elements and maintain that they have meritorious defenses to all of Plaintiff's claims as a matter of law.

1 In 2013, Defendant Palm Bay, a leading wine importer, decided to enter the California
2 wine market through a newly formed entity, Heritance Vintners, LLC, and using the designation
3 “Taub Family Vineyards” for marketing purposes. Heritance Vineyards formed key relationships
4 necessary to establish the new California wine business, including retaining a renowned
5 winemaker to oversee wine production and supply; retaining a prominent vineyard to produce
6 wine; and retaining a prominent graphic designer to create wine labels.

7 The brand AU CONTRAIRE was conceived by Palm Bay for the first of the new
8 California product lines as an homage to David Taub, Palm Bay’s founder and former longtime
9 president, who often used the phrase for insights that were contrary to conventional wisdom.
10 When Palm Bay’s President, Marc Taub, met with a graphic designer, Lisa Hobro, on September
11 23, 2013 to discuss label concepts and names, Mr. Taub indicated that “AU CONTRAIRE”
12 would be the name of one of the new California wines. On November 18, 2013, Defendant,
13 Palm Wine, a related entity to Palm Bay, filed U.S. Trademark Application Serial No.
14 86/122,006 for the mark AU CONTRAIRE for use in connection with wines on an intent to use
15 basis, which later matured into U.S. Federal Trademark Reg. No. 4,689,725.

16 Beginning in the fall of 2013, Palm Bay, d/b/a as Heritance, proceeded to take all
17 necessary steps for the launch of AU CONTRAIRE brand wine, including arranging for
18 production of the wine, the creation of the wine label and securing all necessary permits and
19 regulatory approvals. Lisa Hobro began working with Palm Bay to create a new label design for
20 the AU CONTRAIRE product line. Ms. Hobro and her team worked for several months to create
21 original artwork for the new AU CONTRAIRE label, completely unaware of the existence of
22 artwork for the TEETER-TOTTER wine label. Palm Bay approved the label artwork on March
23 5, 2014, and that same day Ms. Hobro sent the label to a local printing company, Collotype
24 Labels. Within hours, Ms. Hobro received an email back from David Buse of Collotype,
25 attaching a copy of a work order that Collotype had done 6 months prior for Mr. Touquette’s
26 TEETER-TOTTER brand. Ms. Hobro immediately sent Mr. Buse’s email to Palm Bay.

27 On March 6, 2014, Palm Wine’s representatives conducted an investigation of the U.S
28 wine market and could not locate any sales of wine products featuring the TEETER-TOTTER

1 label depicted in the TTB COLA application filed by Hartwell Vineyards on October 30 2013.
2 Based upon this investigation, Palm Bay concluded that TEETER-TOTTER wines were not on
3 sale in the U.S. market and it made the business decision, in good faith, to move forward with its
4 AU CONTRAIRE brand using the label that Ms. Hobro had sent to Collotype, with additional
5 slight modifications. That same day, on March 6, 2014, Palm Wine filed U.S. Trademark
6 Application Serial No. 86/213,197 for the AU CONTRAIRE Logo Design mark, which later
7 matured into U.S. Federal Trademark Reg. No. 4,757,065.

8 Palm Bay, acting through Heritance Vintners, commenced sales of AU CONTRAIRE
9 wines in the United States on April 24, 2014.

10 The similarity of the marks is in dispute. First, while Plaintiff has asserted its federally-
11 registered TEETER-TOTTER word mark to support its claims of trademark infringement and
12 unfair competition, there can be no serious question of infringement between this word mark and
13 Palm Wine's AU CONTRAIRE Logo Design mark. Defendants expect to file a summary
14 judgment motion seeking dismissal as a matter of law for any claim related to infringement of
15 Plaintiff's TEETER-TOTTER word mark.

16 With respect to a comparison of the TEETER-TOTTER Logo Design mark and Palm
17 Wine's AU CONTRAIRE Logo Design mark, a detailed description of the differences in the two
18 designs is set forth below, and these differences are relevant to both Plaintiff's trademark and
19 copyright claims. With respect to the issue of substantial similarity, a comparison of the two
20 works makes clear that there is no substantial similarity of protectable expression, foreclosing a
21 finding of copyright infringement under the Ninth Circuit's extrinsic/intrinsic test. Plaintiff's
22 copyright in its design does not protect against others reproducing the *idea* of depicting a see-
23 saw with an elephant elevated on one side and a mouse on the ground on the other side (an idea
24 that has been expressed by others well before the creation of the parties' wine labels), but rather
25 only the original expression of that idea as embodied in its drawing. Comparing the *expressions*
26 of this idea as depicted in the two drawings, there is no substantial similarity between their
27 *expressive elements*. Obvious differences in expression include (but not limited to):
28

- 1 • The mouse in Palm Bay's drawing is much smaller than the mouse in Teeter-Totter's drawing.
- 2 • The size of the mouse is larger in proportion to the size of the elephant in the Teeter-Totter drawing than the Palm Bay drawing, in which the elephant is significantly larger than the mouse.
- 3 • The mouse appears to be standing upright in the Teeter-Totter drawing, but not in the Palm drawing.
- 4 • The mouse in the Teeter-Totter drawing has a pointy nose and rounded ear; the mouse in the Palm drawing does not.
- 5 • The elephant in Palm's drawing is broader than the mouse in Teeter-Totter's drawing (approx. double the width).
- 6 • The curve of the elephant's trunk in each drawing is different (more "J"-shaped in the Palm Bay drawing; more "U"-shaped in the Teeter-Totter drawing).
- 7 • The mouse's tail in the Teeter-Totter drawing is "S"-shaped and pointing up and back; the mouse's tail in the Palm Bay drawing is "e"-shaped/curlicue, pointing in.
- 8 • The elephant in Palm's drawing shows four well-defined legs, a well-defined ear, and two tusks; the elephant in Teeter-Totter's drawing shows two "basic" legs, only a white line indicating an ear, and no tusk.
- 9 • The mouse and elephant (particularly the elephant) in Palm Bay's drawing are 3-dimensional life-like renderings with well-defined shading; the mouse and elephant in Teeter-Totter's drawing are 2-dimensional, cartoon-like pencil renderings
- 10 • The see-saw base in Teeter-Totter's drawing is a rock-like shape with a straight line underneath; the see-saw base in Palm Bay's drawing is a three-dimensional polygon shape (a box with a triangular top).
- 11 • The main see-saw board in Palm Bay's drawing is a three-dimensional rectangular shape; the main see-saw board in Teeter-Totter's drawing is simply a straight line.
- 12 • Shading appears beneath the see-saw in Palm Bay's drawing, but not Teeter-Totter's drawing.

13 The proximity of the parties' goods and sales and marketing channels are also in dispute.

14 There are vast differences between the types of wine marketed under the parties' TEETER-TOTTER and AU CONTRAIRE brand names in terms of, *inter alia*, distribution channels, price, 15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

1 only expensive wines and do not sell the AU CONTRAIRE brand. Several of the shops in
2 question limit customers to “by appointment only,” confirming that they cater to highly
3 sophisticated wine consumers.

4 The parties are unaware of a single instance of actual consumer confusion between the
5 parties’ branded products despite the fact that the parties’ wine products have allegedly co-
6 existed in the marketplace for the past five years. Moreover, the U.S. Patent and Trademark
7 Office found no confusion between the parties’ logo design marks when it approved Plaintiff’s
8 U.S. Trademark Application for the Mouse and Elephant Design Mark despite the existence of
9 Palm Wine’s Trademark Registration for the AU CONTRAIRE Design Mark on the Trademark
10 Registry.

11 Aside from the issue of likelihood of confusion, Defendants also maintain that Plaintiff
12 cannot establish the essential element of priority of superior and enforceable trademark rights as
13 against Defendants with respect to the Mouse and Elephant Design Mark to support Plaintiff’s
14 claims for federal trademark infringement and unfair competition. Palm Wine asserted
15 Counterclaims against Plaintiff seeking both a Declaration of Non-Infringement related to the
16 issue of priority of trademark rights as between the parties and Cancellation of Plaintiff’s
17 Trademark Registrations and Applications. The Court granted Plaintiff’s motion to dismiss these
18 Counterclaims without prejudice and with leave to re-file on September 25, 2018. On October 9,
19 2018, Palm Wine filed a Second Amended Counterclaim seeking a declaration of non-
20 infringement based on Plaintiff’s inability to establish that it has prior and superior enforceable
21 trademark rights in the Mouse and Elephant Design Mark depicted in U.S. Federal Trademark
22 Reg. No. 5,428,362 in interstate commerce as against Palm Wine’s AU CONTRAIRE Design
23 Mark as depicted in U.S. Federal Trademark Reg. No. 4,757,065.

24 Assuming, *arguendo*, that Plaintiff ultimately can establish liability for any of its claims
25 at trial, Plaintiff’s potential monetary recovery is limited due to a number of factors.

26 First, Plaintiff cannot prove willful trademark infringement because there was no
27 deliberate intent to deceive consumers on Defendants’ part. Palm Bay discovered the existence
28 of Plaintiff’s label design after the label for AU CONTRAIRE was already conceived. Palm Bay

1 conducted an investigation of the marketplace and concluded that Plaintiff's TEETER-TOTTER
2 product was not on sale, so it made the business decision to move forward with sales of AU
3 CONTRAIRE wine on this good faith basis. There certainly is no suggestion that Palm Bay was
4 seeking to trade on the purported rights of Plaintiff at the time it introduced AU CONTRAIRE in
5 the market, nor can there be such a claim now, since Plaintiff's wine product is virtually non-
6 existent in the California wine marketplace.

7 Second, the doctrine of apportionment will substantially limit any damage award because
8 Plaintiff's sole claim of confusion relates only to artwork on the wine labels. Defendants intend
9 to introduce fact and expert witness testimony that consumers purchase wine because of many
10 factors other than the picture or drawing on the label, including price, varietal and brand name.
11 The brands here, TEETER-TOTTER and AU CONTRAIRE, are not at issue in this case. Hence,
12 any measure of damages, whether based on Defendants' profits or plaintiff's claim of damages,
13 would have to be reduced substantially under the doctrine of apportionment because of the
14 limited nature of the IP rights subject to the claim of confusion.

15 Third, Mr. Touquette conceded at his deposition that he has no evidence of losing a
16 single sale of TEETER-TOTTER brand wines because of the existence of AU CONTRAIRE in
17 the market. Nor could he, because TEETER-TOTTER has a production capacity of 3,500 cases
18 of wine per year due to supply limitations, and Plaintiff sells out its production run each year.
19 Hence, Plaintiff cannot make a claim for actual damages or lost profits under any trademark-
20 based claim.

21 Finally, Plaintiff's damages claims will be limited for the copyright claims because
22 Plaintiff cannot seek statutory damages or attorney's fees under the Copyright Act since the
23 claimed acts of infringement occurred many years before Plaintiff registered the copyright in the
24 label artwork.

25 **Legal Issues**

26 1) Whether the production, marketing, and sale of Defendants' AU CONTRAIRE
27 brand wine constitutes either direct or secondary (contributory or vicarious) trademark
28 infringement;

1 2) Whether Defendants' adoption of the Au Contraire Design Mark was with
2 knowledge of Plaintiff's Teeter-Totter Design Mark, and whether Defendants committed willful
3 infringement;

4 3) Whether Plaintiff has suffered, or will suffer, damages or loss of goodwill as a
5 result of Defendants' production, marketing, and sale of Defendants' AU CONTRAIRE brand
6 wine;

7 4) Whether Plaintiff is entitled to any monetary damages or injunctive relief with
8 respect to Defendants' production, marketing, and sale of Defendants' AU CONTRAIRE brand
9 wine;

10 5) Whether the production, marketing, and sale of Defendants' AU CONTRAIRE
11 brand wine constitutes federal unfair competition under 15 U.S.C. § 1125(a);

12 6) Whether Defendants' use of the Au Contraire Design Mark constitutes either
13 direct or secondary (contributory or vicarious) copyright infringement;

14 7) Whether the production, marketing and sale of Defendants' AU CONTRAIRE
15 brand wine violates California Business & Professions Code § 17200, *et seq.*;

16 8) Whether Palm Wine Holdings' federal Trademark Registration No. 4,757,065 is
17 void and should be canceled;

18 9) Whether Palm Wine Holdings committed fraud or inequitable conduct before the
19 USPTO in applying for federal Trademark Registration No. 4,757,065;

20 10) Whether there is a likelihood of confusion among consumers over the parties'
21 trademarks; and

22 11) Whether Plaintiff has prior and superior enforceable trademark rights as against
23 Defendants.

24 12) Whether Plaintiff has valid ownership of U.S. Copyright Registration No. VA-
25 00020906166.

26 **Motions**

27 On April 25, 2018, Plaintiff filed a Motion to Dismiss Defendants' Amended
28 Counterclaims, which was granted by Order dated September 25, 2018. There are no currently

1 pending motions on file. However, Plaintiff may move for leave to amend its complaint, as set
2 forth below. Defendant will oppose any such motion. Plaintiff may also move for summary
3 judgment and/or summary adjudication of issues. Defendant may also move for summary
4 judgment on a partial or case-dispositive basis. As set forth below (“Discovery”), a discovery
5 dispute over Defendants’ claim of attorney-client privilege may precipitate a motion to compel.

6 **Amendment of Pleadings**

7 On July 13, 2018, Plaintiff filed a Consent Motion for leave to file an Amended
8 Complaint (Doc. No. 46) to include, inter alia, its issued copyright registration, which was
9 granted on July 17, 2018 (Doc No. 47). The Court entered Plaintiff’s Amended Complaint on the
10 docket on July 18, 2018 (Doc. No. 48) and on the same date Plaintiff filed its accompanying
11 Exhibits (Doc. No. 49).

12 On October 9, 2018, Defendant Palm Wine filed a Second Amended Counterclaim with
13 leave of Court, consistent with the Court’s September 25, 2018 Order on the Plaintiff’s Motion
14 to Dismiss.

15 Based on newly discovered facts, Plaintiff may seek leave to amend its Complaint to add
16 additional parties, including Heritance Vintners, LLC and Popcorn Design, LLC. Plaintiff would
17 not add any additional causes of action. Defendants do not consent to a schedule that will allow
18 amending the pleadings through the discovery period and beyond. Defendants will oppose any
19 further amendment to the pleadings as Defendants maintain that complete relief can be afforded
20 to Plaintiff based on the parties in suit.

21 **Evidence Preservation**

22 Each of the parties has reviewed the Guidelines Relating to the Discovery of
23 Electronically Stored Information and have met and conferred pursuant to Fed. R. Civ. P. 26(f)
24 regarding reasonable and proportionate steps to preserve evidence relevant to the issues
25 reasonably evident in this action.

26 **Disclosures**

27 The parties have exchanged their Initial Disclosures in compliance with Federal Rule of
28 Civil Procedure 26 on or before March 21, 2018. Plaintiff served Amended Disclosures on June

29, 2018.

Discovery

Both sides have propounded written discovery requests on other parties and deposition subpoenas on non-parties in this action related to Plaintiff's claims for trademark and trade name infringement, copyright infringement, unfair competition and unfair business practices, violation of California Business & Professions Code, trademark cancellation, and inequitable conduct before the USPTO and defendant Palm Wine Holding's counterclaim, to which responses and objections were served. The parties are engaged in a rolling document production. Plaintiff and its contracted bookkeeper have produced over 3,500 documents, while Defendants have produced over 1,500 documents and Defendants' third party contractors have produced more than 4,000 documents. Plaintiff has initiated, but not yet completed, the depositions of (1) Defendants' label designer Lisa Hobro, and (2) Defendants' winemaking consultant, Tom Hinde, principal of Popcorn Design, LLC dba Prospect Brands. Defendants have taken the depositions of (1) Plaintiff's principal, Benoit Touquette, as well as non-party witnesses (2) Boris Guillome and (3) Shauna Mackenzie, and further testimony from these witness would only be anticipated based on additional documents produced by Plaintiff and/or third-party witnesses. The parties are cooperating in the further coordination of witness schedules and continue to conduct depositions of both party and non-party witnesses, with parts 2 of Mr. Hinde's and Ms. Hobro's depositions to be scheduled on mutually acceptable dates prior to the close of discovery, and the depositions of Palm Bay personnel, including Marcy Whitman and Marc Taub, tentatively set to take place in Port Washington, NY during the final week of February 2019. During Mr. Hinde's deposition (and as confirmed in Ms. Hobro's deposition), new facts came to light. Based on those facts, Plaintiff will seek to depose Jay Behmke, who was a member and manager of Popcorn Design, LLC in 2014, and Julie Schreiber, who was a consulting winemaker for Popcorn Design, LLC in 2014. On January 29, 2019, Defendant caused to be served eight (8) third-party document and deposition subpoenas from various sources.

Plaintiff's Position: While discovery is proceeding effectively, newly discovered facts may necessitate additional discovery and amendment of Plaintiff's Complaint, and an

1 appropriate further extension to the fact discovery cutoff, currently set for March 7, 2019.

2 Defendant's Position: At this juncture, Defendant does not anticipate needing to adjust
3 the Court's current schedule.

4 **Discovery dispute**

5 Plaintiff's Position: The parties are engaged in a dispute regarding Defendants' claim of
6 attorney-client privilege to a document Bates-marked PALM_000030. Defendants produced the
7 document in unredacted form and subsequently claimed it was inadvertently produced. A
8 substitute redacted version of the document was provided to Plaintiff. The document consists of
9 Plaintiff's Teeter-Totter label proof bearing Taub's hand-drawn "curlicue" tail on Plaintiff's
10 mouse image. Defendants contend that they have redacted notes made by Defendant Palm Bay's
11 Marketing Director, Marcy Whitman, in a meeting with Palm Bay's then-general counsel,
12 Michael O'Brien, which constitute or reflect his legal advice. The parties have agreed to defer
13 Plaintiff's challenge until the completion of further discovery, including the depositions of Palm
14 Bay personnel and Mr. O'Brien (who is no longer with Palm Bay). Defendants have not yet
15 produced a privilege log.

16 Defendant's Position: Defendants maintain that there is no dispute because this was a
17 classic case of inadvertent production and the handwritten notes on the document in question are
18 clearly covered by the attorney-client privilege.

19 The underlying document in question was the printing label that David Buse of Collotype
20 Labels sent to Lisa Hobro by email on March 5, 2014. Lisa Hobro then emailed the document to
21 her contact at Palm Bay, Marcy Whitman, Senior Vice President of Marketing for Palm Bay, on
22 March 6, 2014. Upon receipt of the email from Ms. Hobro, Ms. Whitman shared the email and
23 document with Palm Bay's General Counsel, Michael O'Brien, that same day. Ms. Whitman and
24 Attorney O'Brien promptly had a meeting for the purpose of discussing the legal ramifications
25 of the discovery of the Teeter-Totter brand depicted in the Collotype Labels document. The
26 handwritten notes appearing on Palm__00030 are Ms. Whitman's handwritten notes made
27 during her meeting with Attorney O'Brien and reflect Mr. O'Brien's legal advice. The document
28 bearing Ms. Whitman's handwritten notes was kept in Palm Bay's files at all relevant times and

1 not shared with anyone outside of the company. The document was inadvertently produced to
2 Plaintiff during discovery because Defendants' counsel failed to appreciate at the time of the
3 review that the notes were Ms. Whitman's and that they reflected legal advice provided by Palm
4 Bay's counsel. After viewing the document following its reference in the lawsuit, counsel
5 promptly inquired of Palm Bay about the source of the handwritten notes, and Palm Bay
6 confirmed that they were Ms. Whitman's handwritten notes and reflect her conversation with
7 Attorney O'Brien. As such, this is a straightforward case of inadvertent disclosure in accordance
8 with Fed. R. Evid. 502, paragraph 11 of the parties' April 12, 2018 Stipulated Protective Order,
9 Federal common law and the laws of the States of California and New York governing
10 inadvertent disclosure.

11 **Discovery Topics.** The parties have propounded discovery relevant to the claims and
12 defenses presented in this action, including (without limitation) the following: the parties'
13 conception, adoption, design and use of their respective marks; the parties' labeling of the wines
14 bearing their respective marks; the labeling by authorized third parties of wines bearing the
15 parties' marks; the parties' advertising and marketing in connection with their respective marks;
16 the channels and extent of distribution of the wines bearing the parties' respective marks; the
17 types of consumers that purchase the wines bearing the parties' respective marks and to whom
18 the parties direct their respective advertising and marketing; other relevant likelihood-of-
19 confusion factors; relevant sales information and financial data; identities of persons in the
20 parties' respective businesses; trademark searches or other inquiries performed by or on behalf of
21 the parties; each party's first awareness of the other parties' respective mark(s); any instances or
22 evidence of confusion; the business relationships between each party and the third parties
23 involved in marketing, distribution and sale of their products, including the parties' authority and
24 control over, legal and financial relationships with, such third parties; relevant communications
25 with, of and between the parties and third parties; relevant communications with customers and
26 prospective customers; and the relationship between Plaintiff, Benoit Touquette and Boris
27 Guillome.

28 ///

1 **Discovery Limitations.**

2 The parties have agreed upon the following limitations, subject to modification by
3 stipulation: *Depositions*: 10 seven-hour depositions per side./ *Interrogatories*: 25 per side./
4 *Request for Admissions*: no limit, but reasonably tailored and proportionate to the issues relevant
5 to this lawsuit; and *Document Requests*: no limit, but reasonably tailored and proportionate to the
6 issues relevant to this lawsuit.

7 The parties have negotiated a Protective Order to protect the confidentiality of certain
8 documents and information. Privileged information that is inadvertently produced shall not be
9 deemed a waiver of the attorney-client privilege, attorney work product protection, or any other
10 recognized privilege or protection with respect to that information, and documents containing
11 such information shall be returned immediately to the producing party in accordance with the
12 Protective Order that shall be entered in this case.

13 **Class Actions.**

14 Not applicable.

15 **Related Cases.**

16 There are no related cases.

17 **Relief.**

18 Plaintiff seeks, among other relief requested in its Complaint, an injunction, damages,
19 that damages be trebled, punitive damages, attorneys' fees, and cancellation of federal
20 Trademark Registration No. 4,757,065. Plaintiff anticipates that damages may be calculated
21 based on Defendants' profits.

22 Defendants and Counterclaimant seek a dismissal of Plaintiff's complaint and an award
23 of their costs and attorney's fees.

24 **Settlement and ADR.**

25 The parties have engaged in brief settlement discussions. The parties have filed their
26 ADR certifications pursuant to ADR L.R. 3-5(b). The parties have taken part in Court-supervised
27 Mediation before Mediator Ian Feinberg on October 29, 2018. Plaintiff prepared and transmitted
28 a settlement proposal to Defendants on July 31, 2018. At Mr. Feinberg's request, Plaintiff

1 prepared a draft Settlement Agreement for further negotiation by the parties at the scheduled
2 mediation session. The parties submitted their respective mediation statements to Mr. Feinberg
3 on September 21, 2018. Mediation took place and settlement was not reached. Plaintiff believes
4 that a settlement conference with a judge may be beneficial since mediation was not productive.
5 Defendant maintains that a further settlement conference would not be productive at this time
6 because the parties remain too far apart in settlement demands.

7 **Consent to Magistrate Judge for All Purposes.**

8 The parties have not consented to have a magistrate judge conduct all proceedings in this
9 case. Plaintiff filed its Consent or Declination to Magistrate Judge Jurisdiction, declining
10 jurisdiction, on November 20, 2017 (ECF Doc. No. 3).

11 **Other References.**

12 The parties do not believe that the case is suitable for reference to binding arbitration, a
13 special master, or the Judicial Panel on Multidistrict Litigation.

14 **Narrowing of Issues.**

15 The parties are open to the possibility of narrowing the issues.

16 **Expedited Schedule.**

17 Plaintiff raised the possibility of an expedited schedule with the Defendants. However,
18 Defendants do not agree to an expedited schedule.

19 ///

20 ///

21 ///

Scheduling.

Scheduled Event	Date
Further Case Management Conference	February 6, 2019, at 2:00 p.m.
Close of Fact Discovery	March 7, 2019
Opening Expert Reports	April 4, 2019
Rebuttal Expert Reports	May 2, 2019
Close of Expert Discovery	May 30, 2019
Last Day - Motion for Class Certification	June 20, 2019
Hearing on Dispositive Motions	August 15, 2019, 1:30 p.m.
Final Pretrial Conference	October 24, 2019, 1:30 p.m.
Jury Trial	November 12, 2019, 9:00 a.m.
Length of Trial	5 days

Trial.

Plaintiff has requested that the matter be tried to a jury and the parties estimate the length of trial to be 5 days.

Disclosure of Non-Party Interested Entities or Persons.

All parties have filed the "Certification of Interested Entities or Persons" as required by Civil Local Rule 3-16, identifying the following interested entities or persons:

Plaintiff: None.

Defendants: E & J Gallo Winery owns defendant J. Vineyards & Winery, LLC.

Professional Conduct.

All attorneys of record for the parties have reviewed the Guidelines for Professional Conduct for the Northern District of California.

Other Matters.

None.

///

///

1
2 Respectfully submitted,

3
4 Dated: January 30, 2019

DICKENSON, PEATMAN & FOGARTY

5 By /s/ Christopher J. Passarelli

6 Christopher J. Passarelli

Joy L. Durand

7 Attorneys for Plaintiff,

8 Teeter-Totter, LLC

9
10 Dated: January 30, 2019

FERDINAND IP, LLC

11 By /s/ John F. Olsen

12 John F. Olsen

Edmund J. Ferdinand, III

13 Attorneys for Defendants,

14 Palm Bay International, Inc.; Palm Wine Holdings,
15 LLC; J Vineyards & Winery, LLC; RB Wine
16 Associates, LLC
17
18
19
20
21
22
23
24
25
26
27
28